

Montgomery faces \$350 million budget gap

By: [Brian Hughes](#) 12/02/10 8:05 PM
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Montgomery County is facing a \$350 million shortfall over the next year and a half, officials announced Thursday, just the latest in a series of deepening budget woes afflicting jurisdictions across the Washington region.

Months after closing a \$1 billion gap, County Executive Ike Leggett estimated another \$100 million deficit this fiscal year -- and predicted a \$250 million shortfall next fiscal year.

"Given all the cuts we already have made over the past four years, these reductions will be very painful," Leggett said. "There is no more 'low-hanging fruit.' There will be things county government will do differently. And, yes, there may be things we do not do at all."

Montgomery isn't alone.

A \$100 million drop in revenue coupled with agency overspending has the District trying to dig itself out of a \$188 million hole for the current fiscal year.

Last week, Mayor Adrian Fenty sent to the D.C. Council a proposal for across-the-board cuts. The mayor has stuck to his pledge not to raise taxes, but the D.C. Council appears likely to do so when it votes on the budget fix on Tuesday.

The \$188 million is just the beginning.

Next fiscal year, D.C. faces another \$350 million shortfall, and Mayor-elect Vincent Gray wants to find an additional \$50 million now to help offset the expected gap in next year's budget.

However, Fairfax County, which closely mirrors Montgomery in population size and average income, looks relatively unscathed by comparison.

County Executive Anthony Griffin is projecting a \$55 million shortfall next fiscal year. Even if the county were to hand out raises -- which Fairfax officials say is off the table -- the Northern Virginia suburb would face a shortfall of \$163 million next fiscal year, the most recent analysis shows.

Montgomery's current budget pain is tied to plummeting income tax receipts and a \$12.5 million gap created when voters rejected the suburb's ambulance fee last month. Leggett also contends that President Obama's decision to freeze federal worker pay for two years will bring further anguish.

"It could definitely get worse," he warned, also referring to a looming teacher pension crisis and expected growth in state-required education spending.

But some analysts put the target squarely on Montgomery's employee compensation packages -- they far exceeded those in neighboring counties as well as the private sector.

"It's those legacy costs we have incurred with generous salaries and benefits lavished on county and school employees over the last 10 years," said Joan Fidler, president of the Montgomery County Taxpayers League. "Being generous, I'll say that maybe the decision makers hadn't looked at how they were mortgaging off our future."

During the past decade, county health and retirement benefits increased more than 120 percent, while employee salaries grew 50 percent, according to a recent Office of Legislative Oversight report.

The average county employee costs taxpayers nearly \$100,000 annually.

Leggett rolled out a \$36 million midyear savings plan Thursday, which would slash \$19 million from public schools, eliminate neighborhood senior programs and eliminate more than 100 firefighter positions, among other measures.

"I don't know where the money comes from," said Montgomery County school board member Laura Berthiaume. "We already had a [\$10 million] savings plan. [The shortfall] just seems to be escalating, then escalating, then escalating again. It's just not stopping."

Leggett has also asked department heads to identify cuts as great as 15 percent next fiscal year.

"Someone's ox is going to be gored," said Council President Nancy Floreen, who added that midyear cuts would be finalized before the group's Christmas break. "If council members don't support these cuts, they'll have to identify something else. We don't have much time. We're going to have to confront this head on."

Examiner Staff Writer Freeman Klopott contributed to this report.